



DEFENSE FINANCE AND ACCOUNTING SERVICE

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JAN 24 1997

DFAS-HQ/FMM

MEMORANDUM FOR DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
- CLEVELAND CENTER
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
- DENVER CENTER
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
- INDIANAPOLIS CENTER
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
- KANSAS CITY CENTER

SUBJECT: Change to the Department of Defense Financial
Management Regulation, Volume 7A, (DoDFMR, Vol 7A),
Waiver of Recoupment of Amounts Withheld for Tax
Purposes from Certain Separation Payments
(DFAS Item F-76)

This is DFAS Interim Change Number 4-97 to the DoDFMR, Vol 7A. This change is effective October 1, 1996.

We have evaluated your comments on the draft change to the DoDFMR, Vol 7A. The attached final version of the change includes your comments where appropriate. Assignment of an interim change number is your authority to start a procedural modification to facilitate this change. For the Denver Center, use the attached to initiate the formal printed change to the DoDFMR and the interim change.

Our point of contact, Lt Col Randy Wies, may be reached at DSN 327-5068 or Commercial (703) 607-5068. Our FAX number is DSN 332-5271 or Commercial (703) 602-5271.

Roger W. Searce
Brigadier General, USA
Deputy Director for Finance

Attachment:
As stated

cc: OASD (MMP) (COMP)
ODGC (F)
DFAS-HQ/DG
DFAS-DE/DG
Service Liaisons
USCG/NOAA/PHS Liaisons
DJMS-PM

DFAS ITEM NUMBER F-76
DFAS INTERIM CHANGE NUMBER 4-96

1 Paragraph 350205B Insert the following after the first sentence:

"Effective for payments of separation pay, severance pay, or readjustment pay that are made after 30 September 1996, the amount subject to recoupment under this paragraph is the total gross amount of separation pay, severance pay, or readjustment pay received, less the amount of Federal income tax withheld from such pay (such withholding, being at the flat withholding rate for Federal income tax withholding, as in effect pursuant to regulations prescribed under chapter 24 of the Internal Revenue Service)."

2 Paragraph 350703B Revise paragraph to read:

"A member who has received SSB and who qualifies for benefits under law as administered by the Department of Veterans Affairs shall have deducted from such benefits the gross amount of the SSB paid to the member. Effective for payments of SSB that are made after 30 September 1996, the amount subject to recoupment under this paragraph is the total gross amount of SSB paid, less the amount of Federal income tax withheld from such pay (such withholding being at the flat withholding rate for Federal income tax withholding, as in effect pursuant to regulations prescribed under chapter 24 of the Internal Revenue Service). However, there shall be no such deduction if the disability for which the member receives compensation was incurred or aggravated during a period of later active duty."

3 Bibliography

"Paragraph

Citation

350205B

P.L. 104-201,
Section 653
Sept 23, 1996

350703B

P.L. 104-201,
Section 653
Sept 23, 1996